



NORDIC SHIPHOLDING

Interim Report Q1 2022

25 May 2022

CVR-no. 76 35 17 16

Summary

The comparison figures for the period ended 31 March 2021 are stated in parenthesis.

The operating performance of the Group for Q1 2022 was impacted by the sale of two of the remaining three vessels. Nordic Anne and Nordic Agnetha were delivered to their new owners in February 2022 and March 2022, respectively.

In Q1 2022, the average Time Charter Equivalent ("TCE") rates continued to improve due to increased tonnage demand. The average daily TCE rate earned in Q1 2022 by the vessels was 57% higher than the average daily TCE rate earned in Q1 2021.

The Group generated a profit after tax of USD 2.9 million (including write-off of certain loan interest of USD 2.7 million on the vessels) in Q1 2022 compared to a loss after tax of USD 1.5 million for the same period last year. Despite the improvement in average TCE rates in Q1 2022, the loss of earnings from the sale of vessels (in addition to Nordic Anne and Nordic Agnetha, Nordic Hanne and Nordic Pia were sold in April 2021) resulted in lower TCE revenue in Q1 2022 as compared to Q1 2021.

Expenses relating to the operation of vessels in Q1 2022 was lower at USD 1.7 million (USD 2.9 million) due primarily to the sale of the respective vessels.

EBITDA increased to USD 0.7 million (USD 0.4 million). Other external costs increased by USD 0.2 million to USD 0.5 million (USD 0.3 million) due mainly to legal fees relating to the extension of the Group's loan facility.

The Group recognised a reversal of previously recognised write-downs on assets held-for-sale of USD 0.2 million in Q1 2022 as certain actual incremental expenses relating to the sale of vessels were lower than estimated.

After accounting for depreciation, impairment losses, write-down and reversals on assets held-for-sale, financial expenses and financial income, the profit after tax was USD 2.9 million in Q1 2022 (loss of USD 1.5 million).

Between 31 December 2021 and 31 March 2022, equity improved from negative USD 14.3 million to negative USD 11.4 million as a result of the profit recognised during the period.

The Group is also subjected to a quarterly cash sweep mechanism under which the Group, after payment of instalments and interest under the loan agreement, must apply any cash and cash equivalents of the Group in excess of USD 6.0 million towards prepayment of the loan. There were no cash sweep in Q1 2022 and in Q1 2021.

During the financial period under review, cash flow from operations was a net cash inflow of USD 2.4 million (net cash outflow of USD 0.4 million) due partially to the bunker proceeds received upon the delivery of the respective vessels to the new owners. The net proceeds from the sale of Nordic Anne and Nordic Agnetha were applied towards the repayment of bank loans in Q1 2022. Overall, cash and cash equivalents improved to USD 4.4 million as at 31 March 2022 from USD 2.5 million as at 31 December 2021.

As announced on 21 January 2022 (Company Announcement 2/2022), the Group had reached an agreement with the Lenders to extend the maturity of the existing bank loan facilities till 31 March 2022. With the delivery of the last vessel, Nordic Amy, to her new owner on 1 April 2022, the remaining outstanding loan balances were settled via proceeds

from the sale of Nordic Amy, internal cash and utilisation of USD 2.3 million under the banker's guarantee issued by the majority shareholder of the Company to the lenders.

To support the ongoing efforts to clarify the future activities of the Group, the majority shareholder of the Company intends, if necessary, to support the Group, financially or otherwise, in the course of business of the Group with a view to ensuring that the Group will be able to continue its operations as a going concern for at least the financial year 2022. For the avoidance of doubt, the intent does not constitute a legal obligation to provide any funding or support to the Group. The majority shareholder of the Company has also agreed to extend the maturity of the shareholder's loans till mid-April 2023.

The outlook for 2022 remains unchanged as indicated in the 2021 Annual Report.

Consolidated financial highlights

<i>Amounts in USD thousand</i>	Q1 2022	Q1 2021	FY 2021
Time charter equivalent revenue (TCE revenue)	2,834	3,739	10,380
EBITDA	715	445	42
Operating result (EBIT)	931	(561)	(3,899)
Net finance expenses	1,984	(924)	(1,864)
Result after tax	2,915	(1,485)	(5,763)
Equity ratio (%)	-61.4%	-15.8%	-32.5%
Earnings per share, US cents	0.72	(0.37)	(1.42)
Market price per share DKK, period end	0.16	0.32	0.09
Market price per share USD, period end	0.02	0.05	0.01
Exchange rate USD/DKK, period end	6.72	6.34	6.54
Number of shares, period end	406,158,403	406,158,403	406,158,403
Average number of shares	406,158,403	406,158,403	406,158,403

Company data

Company

Nordic Shipholding A/S (the "Company")
C/O Gorrissen Federspiel, Axel Towers, Axeltorv 2,
DK-1609 Copenhagen, Denmark
CVR- no. 76 35 17 16

Website: www.nordicshipholding.com

Registered office: Copenhagen

Contact persons regarding this interim report: Esben Søfren Poulsson, Chairman
Philip Clausius, CEO

Executive Management

Philip Clausius, CEO

Board of Directors

Esben Søfren Poulsson, Chairman
Jon Robert Lewis, Deputy Chairman
Kanak Kapur
Philip Clausius

Auditors

PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab

Forward-looking statements

This report contains forward-looking statements reflecting Nordic Shipholding A/S's current beliefs of future events. Forward-looking statements are inherently subject to uncertainty, and Nordic Shipholding A/S's actual results may differ significantly from expectations. Factors which could cause actual results to deviate from the expectations include, but not limited to, changes in macroeconomic, regulatory and political conditions.

Management's review

Following the sale of the remaining vessels, the majority shareholder of the Company is in discussions with various stakeholders on the development plans for the Company.

The operating performance of the Group for Q1 2022 was impacted by the sale of two of the remaining three vessels. Nordic Anne and Nordic Agnetha were delivered to their new owners in February 2022 and March 2022, respectively.

In Q1 2022, the average TCE rates continued to improve due to increased tonnage demand. The average daily TCE rate earned in Q1 2022 by the vessels was 57% higher than the average daily TCE rate earned in Q1 2021.

Financial results for the period 1 January – 31 March 2022

The comparison figures for the same period in 2021 are stated in parenthesis.

The Group generated a profit after tax of USD 2.9 million (including write-off of certain loan interest of USD 2.7 million on the vessels) in Q1 2022 compared to a loss after tax of USD 1.5 million for the same period last year. Despite the improvement in average TCE rates in Q1 2022, the loss of earnings from the sale of vessels (in addition to Nordic Anne and Nordic Agnetha, Nordic Hanne and Nordic Pia were sold in April 2021) resulted in lower TCE revenue in Q1 2022 as compared to Q1 2021.

Expenses relating to the operation of vessels in Q1 2022 was lower at USD 1.7 million (USD 2.9 million) due primarily to the sale of the respective vessels.

EBITDA increased to USD 0.7 million (USD 0.4 million). Other external costs increased by USD 0.2 million to USD 0.5 million (USD 0.3 million) due mainly to legal fees relating to the extension of the Group's loan facility.

The Group recognised a reversal of previously recognised write-downs on assets held-for-sale of USD 0.2 million in Q1 2022 as certain actual incremental expenses relating to the sale of vessels were lower than estimated.

As a result of the reclassification in Q2 2021 of the remaining three vessels to assets held-for-sale, depreciation amounted to USD NIL million (USD 0.8 million) in Q1 2022.

Finance expenses decreased to USD 0.7 million (USD 0.9 million) due to loan repayments totaling USD 40.0 million between 31 March 2021 and 31 March 2022. An one-off finance income of USD 2.7 million representing the write-off of certain loan interest was recognised in Q1 2022.

After accounting for depreciation, impairment losses, write-down and reversals on assets held-for-sale, financial expenses and financial income, the profit after tax was USD 2.9 million in Q1 2022 (loss of USD 1.5 million).

Financial position as at 31 March 2022

The comparison figures for 31 December 2021 are stated in parenthesis.

Total assets amounted to USD 18.6 million (USD 44.0 million).

Vessels and docking is USD NIL as at 31 March 2022 (USD NIL million).

Receivables balance was USD 2.8 million as at 31 March 2022 (USD 4.5 million). The decrease was primarily due to the reduced number of vessels deployed in the various pools.

Assets held-for-sale relate to the expected sale value of Nordic Amy as at 31 March 2022. As at 31 December 2021, asset held-for-sale relate to the expected sale value of Nordic Anne, Nordic Agnetha and Nordic Amy.

From 31 December 2021 to 31 March 2022, net working capital¹ decreased by USD 1.6 million from USD 3.1 million to USD 1.5 million.

Cash and cash equivalents stood at USD 4.4 million (USD 2.5 million), an increase of USD 1.9 million from 31 December 2021.

Between 31 December 2021 and 31 March 2022, equity improved from negative USD 14.3 million to negative USD 11.4 million as a result of the profit recognised during the period.

Current liabilities at USD 30.0 million (USD 58.3 million) comprised the current portion of term loan of USD 15.1 million (USD 42.5 million), loans from majority shareholder of USD 13.1 million (USD 12.8 million) and other current liabilities of USD 1.7 million (USD 3.1 million).

The Group is also subjected to a quarterly cash sweep mechanism under which the Group, after payment of instalments and interest under the loan agreement, must apply any cash and cash equivalents of the Group in excess of USD 6.0 million towards prepayment of the loan. There were no cash sweep in Q1 2022 and in Q1 2021.

Cash flow for the period 1 January – 31 March 2022

The comparison figures for the same period in 2021 are stated in parenthesis.

During the financial period under review, cash flow from operations was a net cash inflow of USD 2.4 million (net cash outflow of USD 0.4 million) due partially to the bunker proceeds received upon the delivery of the respective vessels to the new owners. The net proceeds from the sale of Nordic Anne and Nordic Agnetha were applied towards the repayment of bank loans in Q1 2022. Overall, cash and cash equivalents improved to USD 4.4 million as at 31 March 2022 from USD 2.5 million as at 31 December 2021.

Outlook for 2022

The outlook for 2022 remains unchanged as indicated in the 2021 Annual Report. Notwithstanding the sale of all the remaining vessels, the TCE revenue for 2022 was forecasted to remain in the region of USD 2.5 million – USD 3.0 million, pending the finalisation of the pools' accounts. After accounting for estimated vessel operating costs and administrative operating expenditure, the Group's expected EBITDA (earnings before interest, tax, depreciation and amortisation) for 2022 would be in the range of USD -0.5 million – USD 0.5 million, and the result before tax, positively impacted by one-off income, would be between USD 2.0 million – USD 3.0 million.

¹ Net working capital is defined as inventories, receivables and other current operating assets less trade payables and other liabilities (excluding provisions) as well as other current operating liabilities.

Management statement

We have today considered and approved the interim financial statements of Nordic Shipholding A/S for the period 1 January 2022 – 31 March 2022.

The interim report, which has not been audited or reviewed, has been presented in accordance with IAS 34, *Interim Financial Reporting*, as adopted by the EU and additional Danish disclosure requirements for interim reports of listed companies.

In our opinion, the accounting policies applied are appropriate and the interim report gives a true and fair view of the Group's financial position at 31 March 2022 and of its financial performance and cash flows for the period 1 January 2022 – 31 March 2022. In our opinion, the management's review gives a true and fair review of the development in and results of the Group's operations and financial position as a whole and a specification of the significant risks and uncertainties facing the Group. Besides what has been disclosed in the interim report for the period 1 January 2022 – 31 March 2022, in particular Note 0, no other changes in the Group's most significant risks and uncertainties have occurred.

Copenhagen, 25 May 2022

Executive Management

Philip Clausius, CEO

Board of Directors

Esben Søfren Poulsson
Chairman

Jon Robert Lewis
Deputy Chairman

Kanak Kapur

Philip Clausius

Consolidated statement of comprehensive income (condensed)

<i>Amounts in USD thousand</i>	Q1 2022	Q1 2021	FY 2021
Total revenue	5,628	7,002	21,519
Voyage related expenses	(2,794)	(3,263)	(11,139)
TCE revenue	2,834	3,739	10,380
Other income	104	-	292
Expenses related to the operation of vessels	(1,715)	(2,945)	(8,978)
Staff costs	(57)	(75)	(303)
Other external costs	(451)	(274)	(1,349)
EBITDA	715	445	42
Depreciation	-	(801)	(1,601)
Impairment loss on vessels	-	-	(4,496)
Write-down and reversals on assets held-for-sale	216	(205)	2,156
Operating result (EBIT)	931	(561)	(3,899)
Financial income	2,652	-	1,380
Financial expenses	(668)	(924)	(3,244)
Result before tax	2,915	(1,485)	(5,763)
Tax on result	-	-	-
Result after tax	2,915	(1,485)	(5,763)
Other comprehensive income	-	-	-
Comprehensive income	2,915	(1,485)	(5,763)
Distribution of result			
Parent Company	2,915	(1,485)	(5,763)
Non-controlling interest	-	-	-
	2,915	(1,485)	(5,763)
Distribution of comprehensive income			
Parent Company	2,915	(1,485)	(5,763)
Non-controlling interest	-	-	-
	2,915	(1,485)	(5,763)
Number of shares, end of period	406,158,403	406,158,403	406,158,403
Earnings per share, US cents	0.72	(0.37)	(1.42)
Diluted earnings per share, US cents	0.72	(0.37)	(1.42)

Statement of financial position (condensed)

<i>Amounts in USD thousand</i>	31 Mar 2022	31 Mar 2021	31 Dec 2021
Non-current assets			
Vessels and docking	-	38,057	-
Total non-current assets	-	38,057	-
Current assets			
Bunkers and lubricant stocks	417	1,888	1,624
Receivables	2,783	6,179	4,513
Cash & cash equivalents	4,373	3,490	2,540
Asset held-for-sale	11,003	14,034	35,334
Total current assets	18,576	25,591	44,011
Total assets	18,576	63,648	44,011
Equity and liabilities			
Equity			
Equity, Parent Company	(11,397)	(10,034)	(14,312)
Equity, non-controlling interest	-	-	-
Total equity	(11,397)	(10,034)	(14,312)
Liabilities			
Current liabilities			
Finance loans, etc.	15,144	57,928	42,466
Loans from majority shareholder	13,105	11,869	12,795
Other current liabilities	1,724	3,885	3,062
Total current liabilities	29,973	73,682	58,323
Total liabilities	29,973	73,682	58,323
Equity and liabilities	18,576	63,648	44,011

Statement of changes in equity (condensed)

<i>Amounts in USD thousand</i>	Share capital	Retained earnings	Equity Parent company	Non-controlling interest	Total equity
Equity as at 1 January 2022	7,437	(21,749)	(14,312)	-	(14,312)
Result for the period	-	2,915	2,915	-	2,915
Other comprehensive income for the period	-	-	-	-	-
Equity as at 31 March 2022	7,437	(18,834)	(11,397)	-	(11,397)

<i>Amounts in USD thousand</i>	Share capital	Retained earnings	Equity Parent company	Non-controlling interest	Total equity
Equity as at 1 January 2021	7,437	(15,986)	(8,549)	-	(8,549)
Result for the period	-	(1,485)	(1,485)	-	(1,485)
Other comprehensive income for the period	-	-	-	-	-
Equity as at 31 March 2021	7,437	(17,471)	(10,034)	-	(10,034)

Statement of cash flow (condensed)

<i>Amounts in USD thousand</i>	YTD 31 Mar 2022	YTD 31 Mar 2021	Year 2021
Operating result (EBIT)	931	(561)	(3,899)
Adjustments for:			
Depreciation, write-down and reversal of previously recognised write-down on assets held-for-sale	(216)	1,006	3,941
Non-cash financial expenses	-	-	(37)
Operating profit before working capital changes	715	445	5
Changes in working capital	1,815	(606)	91
Net financial expenses paid	(171)	(203)	(807)
Cash flows from operating activities	2,359	(364)	(711)
Net proceeds from sale of assets held-for-sale	24,332	-	14,234
Net cash from investing activities	24,332	-	14,234
Repayment of finance loans	(24,858)	(1,534)	(16,371)
Net cash from financing activities	(24,858)	(1,534)	(16,371)
Cash flows for the period	1,833	(1,898)	(2,848)
Cash and cash equivalents at beginning of period	2,540	5,388	5,388
Cash and cash equivalents at end of period	4,373	3,490	2,540

Notes

0. Going concern assumption

As announced on 21 January 2022 (Company Announcement 2/2022), the Group had reached an agreement with the Lenders to extend the maturity of the existing bank loan facilities till 31 March 2022. With the delivery of the last vessel, Nordic Amy, to her new owner on 1 April 2022, the remaining outstanding loan balances were settled via proceeds from the sale of Nordic Amy, internal cash and utilisation of USD 2.3 million under the banker's guarantee issued by the majority shareholder of the Company to the lenders.

To support the ongoing efforts to clarify the future activities of the Group, the majority shareholder of the Company intends, if necessary, to support the Group, financially or otherwise, in the course of business of the Group with a view to ensuring that the Group will be able to continue its operations as a going concern for at least the financial year 2022. For the avoidance of doubt, the intent does not constitute a legal obligation to provide any funding or support to the Group. The majority shareholder of the Company has also agreed to extend the maturity of the shareholder's loans till mid-April 2023.

These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's and the Group's ability to continue as a going concern.

1. Accounting policies

The interim report has been presented as a condensed set of financial statements in accordance with IAS 34, *Interim Financial Reporting*, as adopted by the EU and additional Danish disclosure requirements for interim reports of listed companies. The accounting policies have been consistently applied. For a further description of the accounting policies, see the 2021 Annual Report for Nordic Shipholding A/S.

New IAS/IFRSs

The new financial reporting standards or interpretations, effective from 1 January 2022, have no impact on Nordic Shipholding A/S's results or equity in the interim report and disclosure in the notes.

2. Accounting estimates

Assets held-for-sale

In accordance with IFRS 5, the remaining vessel owned by the Group was classified as assets held-for-sale as at 31 March 2022. The carrying amount of the remaining vessel is based on expected sale value of Nordic Amy less estimated incremental sale expenses.

3. Finance loans

As at 31 March 2022, the Group had outstanding finance loans of USD 15.1 million (31 December 2021: USD 42.5 million). The reduction in finance loans from 31 December 2021 was due to repayments on term loan and write-off of certain loan interest, which was partly offset by the capitalisation of 2.5% point of the total loan interest margin.

As announced on 21 January 2022 (Company Announcement 2/2022), the Group had reached an agreement with the Lenders to extend the maturity of the existing bank loan facilities till 31 March 2022. With the delivery of the last vessel, Nordic Amy, to her new owner on 1 April 2022, the remaining outstanding loan balances were settled via proceeds from the sale of Nordic Amy, internal cash and utilisation of USD 2.3 million under the banker's guarantee issued by the majority shareholder of the Company to the lenders.

4. Loans from majority shareholder

As at 31 March 2022, the Group had outstanding loans from majority shareholder of USD 13.1 million (31 December 2021: USD 12.8 million). The increase in the loans from the majority shareholder from 31 December 2021 is due to accrued interest on the (i) outstanding loans and (ii) banker's guarantee of USD 3.85 million provided as additional security to the Lenders. The maturity of the shareholder's loans has been extended till mid-April 2023.

5. Subsequent event

Nordic Amy was delivered to her new owner on 1 April 2022. Following the sale of Nordic Amy, the remaining outstanding loan balances were settled via proceeds from the sale of Nordic Amy, internal cash and utilisation of USD 2.3 million under the banker's guarantee issued by the majority shareholder of the Company to the lenders. The unutilised portion of the banker's guarantee expired in mid-April 2022.